

# Rent in Qianjiang New City continues to rise

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Fast growth of IT, finance and real estate industry underpinned strong leasing demand in Hangzhou's prime office market in H2 2017. With no completions in H2 and increasing net absorption, the city's vacancy rate has dropped significantly. However, rental performance varies by submarkets. With large supply in the pipeline, Colliers expects that the vacancy rate will increase in 2018-2019. However, as both investors and landlords are optimistic, and we expect average rent will continue to rise.

## Forecast at a glance



### Demand

Qianjiang New City will continue to lead the leasing market, attracting strong demand from finance and real estate companies.



### Supply

A yearly average of 350,000 sq m (3.77 million sq ft) of office space is planned to be completed in 2018-2019, leading the total stock to exceed 3.0 million sq m (32.3 million sq ft). Supply should slow down over 2020-2022.



### Vacancy rate

We expect the vacancy rate to increase by 4 to 5 percentage points to 21% to 22% range in end of 2019 if all new supply in 2018-2019 is completed. Vacancy rate should start to decrease over 2020-2022.

# 钱江新城租金持续上涨

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2017年下半年，IT、金融以及房地产支撑杭州优质写字楼市场强劲的租赁需求。下半年无新增供应入市且净吸纳量大幅增长，全市空置率显著下降。然而，各子市场租金表现迥异。鉴于未来供应较大，高力国际预测2018及2019年的空置率将上浮。尽管如此，投资者和业主保持乐观心态，我们预测平均租金将继续上涨。

## 预测一览表



### 需求

钱江新城将持续引领租赁市场，吸引源自于金融及房地产行业的强劲需求。



### 供应

2018-2019年间，年均35万平方米(377万平方英尺)的写字楼面积计划入市，总存量将扩增至300万平方米(3,230万平方英尺)。随后，供应将于2020-2022年间放缓。



### 空置率

高力国际预计2018-2019年所有新项目如期竣工，空置率将于2019年末上升4至5个百分点至21%至22%范围内。空置率将于2020-2022年期间开始下降。



## Rent

The above-average rent of new supply and rental growth in Qianjiang New City should continue to push up city's average rent by 2% to 4% annually over 2018-2021.



## 租金

2018-2021 年期间, 新项目高于平均水平的租金以及钱江新城租金增长将持续推动全市租金上涨 2%至 4%。

## No new supply

No new projects were completed in the second half of 2017. Total stock of Hangzhou's prime office market remained at 2.5 million sq m (26.9 million sq ft), while total stock of Hangzhou Grade A office market stood at 1.5 million sq m (16.1 million sq ft).

## Market performance to be better than expectation

The office market was active in H2 2017, supported by fast growth in the IT industry and robust demand from finance and real estate companies. Net absorption increased by 115% YOY to 172,000 sq m (1.85 million sq ft) in H2 2017. Thus, the vacancy rate dropped by 6.8 percentage points HOH to 17.7%.

By submarket, due to the improvement of commercial facilities and abundance of high quality office projects in Qianjiang New City, more tenants (especially finance and real estate companies) were attracted to this submarket, leading the vacancy rate to drop by 4.8 percentage points to record low of 21.8%. In Wulin and Qingchun, stable demand from finance and professional service took up vacant space in these two submarkets, driving down the vacancy rate by 7.2 and 5.7 percentage points HOH to 18.1% and 17.3% respectively. In Huanglong, the vacancy rate remained stable as the effect of relocation was offset by quick replacement demand from IT and finance companies.

Demand from upgrading working area to high-quality buildings was strong in Qianjiang New City, the submarket which accounts for 54% of the total Grade A office area in the city. Thus, the vacancy rate for grade A offices decreased sharply, falling by 9.8 percentage points HOH to 24.1%.

After SOHO3Q's new lease of large office area in Fortune Finance Centre in September 2017, more flexible workspace operators have been looking for cooperation with local real estate developers to enter Hangzhou's

## 无新项目入市

2017 年下半年, 无新项目入市。杭州优质写字楼总存量保持于 250 万平方米 (2,690 万平方英尺), 其中甲级写字楼总存量接近 150 万平方米 (1,610 万平方英尺)

## 市场表现超预期

2017 年下半年, IT 行业的快速增长以及金融和房地产企业稳健的需求, 写字楼市场表现活跃。全市净吸纳量上涨显著, 同比上涨 115%至 17.2 万平方米 (185 万平方英尺)。因此, 空置率半年环比下降 6.8 个百分点至 17.7%。

就子市场而言, 随钱江新城配套设施的改善以及充足的高品质写字楼项目, 吸引了更多的金融及房地产的租户, 带动空置率下降 4.8 个百分点至 21.8%。在武林和庆春子市场内, 源自金融和专业服务类的企业稳定去化市场内的空置面积, 使空置率分别下降 7.2 和 5.7 个百分点至 18.1% 和 17.3%。黄龙子市场内, 企业搬迁后的空置面积被源自 IT 和金融企业的需求迅速填补, 所以影响有限, 空置率保持稳定。

钱江新城拥有全市 54%的甲级写字楼面积, 子市场内源于办公升级至高品质写字楼的需求较为强劲。全市甲级写字楼空置率大幅下降 9.8 个百分点至 24.1%。

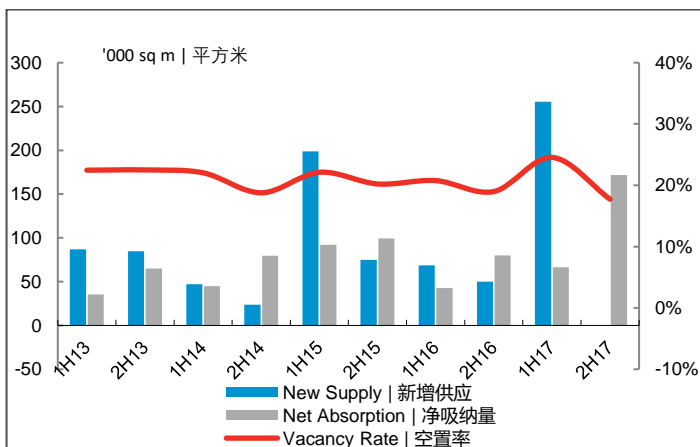
值得注意的是, 在 SOHO3Q 于 9 月新租财富金融中心大量办公空间后, 更多的联合办公品牌开始为进入杭州写字楼市场寻求与当地发展商的合作。这将为潜在租户提供更灵活

office market. This should help to reduce the vacancy rate by providing both flexible working space and flexible leasing term to potential tenants.

Other notable new leases included: three finance companies' new leases of 1,000 sq m each in Global Centre; ZICI's new lease of 4,000 sq m at Pingan Finance Centre; two finance companies' separate leases of 1,600 sq m at Raffles City Hangzhou; Hechuang Real Estate's new commitment of 2,400 sq m at Ocean International Centre; an insurance company and HSBC's leases of 1,200 and 1,000 sq m at China Resources Building; and Chinadaja's new lease of 3,000 sq m at Wulin Times.

**Figure 1: Hangzhou Prime Office New Supply, Net Absorption and Vacancy**

**图 1: 杭州优质写字楼新增供应、净吸纳量及空置率**



Source: Colliers International

## Qianjiang New City outperforms other submarkets on rental growth

The average rent for Hangzhou's prime office property increased by 2.1% HOH or 4.1% YOY to RMB4.3 (USD 0.66) psm per day in H2 2017. Due to strong demand, average rent in Qianjiang New City recorded a growth rate of 4.2% HOH in the period. At the same time, rent in Huanglong and Qingchun achieved moderate growth of 0.8% and 1.2% HOH respectively. In contrast to these submarkets, Wulin recorded a decrease of 0.7% HOH in rent, mainly due to competition from new projects in Qianjiang New City.

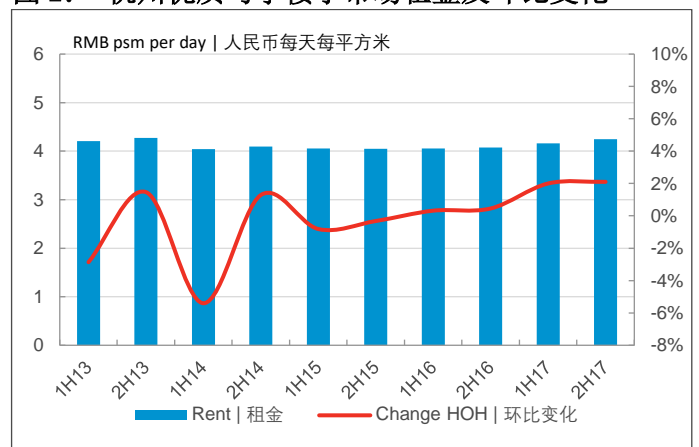
Average rent for Hangzhou's grade A office properties increased by 2.3% HOH or 3.6% YOY to RMB 4.7(USD0.72) psm per day in H2 2017.

的面积及租期选择，从而有利于降低空置率。

其他瞩目的新租包括：三家金融公司于环球中心分别新租 1,000 平方米；浙江省基础建设投资集团于平安金融中心租赁 4,000 平方米；两家金融公司分别于杭州来福士广场租赁 1,600 平方米；合创地产于远洋国际中心新租 2,400 平方米；某保险公司以及汇丰银行于华润大厦分别新租 1,200 和 1,000 平方米；以及大家房产于武林时代中心的新租 3,000 平方米。

**Figure 2: Hangzhou Prime Office Rent and Change HOH**

**图 2: 杭州优质写字楼子市场租金及环比变化**



数据来源：高力国际

## 钱江新城租金增长表现优于其它市场

2017 年下半年，杭州优质写字楼平均租金分别半年环比上涨 2.1%或同比上涨 4.1%至人民币 4.3 元(0.66 美元) 每天每平方米。强劲需求推动钱江新城平均租金半年环比上涨 4.2%。同时，黄龙和庆春子市场租金也录得适度增长，分别半年环比上涨 0.8%和 1.2%。相比之下，武林子市场在钱江新城新项目的竞争压力下，租金半年环比小幅下降 0.7%。

2017 年下半年，全市甲级写字楼平均租金半年环比上涨 2.3%或同比上涨 3.6%至人民币 4.7 元(0.72 美元) 每天每平方米。

## One transaction closed

One en bloc sale transaction was disclosed in H2 2017. Tianan Life acquired Tower C of Ocean International Centre for around RMB1.6 billion (USD246 million). The project is located in an emerging area, and has a total GFA of 62,164 sq m (669,000 sq ft).

## Qianjiang New City to lead leasing market

A yearly average of 350,000 sq m of office area is planned to be completed in 2018-2019. This should lead the total stock to exceed 3 million sq m and drive up the vacancy rate by 4 to 5 percentage points to 21% to 22% at end of 2019. Then, supply should slow down in the CBD area during 2020-2022.

We believe that Qianjiang New City will continue to lead the leasing market, attracting strong demand from finance, professional service, trade and real estate companies due to the high specifications of the buildings and good accessibility. Relocation from traditional areas to Qianjiang New City should continue. However, landlords in traditional areas are showing optimism about market prospects. As a result, Colliers expects the above-average rent of new developments and rental growth in Qianjiang New City will continue to push up the city's average rent by 2-4% annually over 2018-2021.

## 录得一宗整售交易

2017年下半年，一宗整售交易公布。天安保险以约人民币16亿元（2.46亿美元）购得远洋国际中心C座。该项目位于新兴商务区，建筑面积62,164平方米（66.9万平方英尺）。

## 钱江新城引领租赁市场

2018-2019年间，将有年均35万平方米的写字楼面积计划入市，届时总存量将突破300万平方米，空置率则于2019年末上涨4-5个百分点至21%-22%。随后，CBD内供应将于2020-2022年间放缓。

我们认为钱江新城高品质的楼宇以及便利的交通可达性将继续吸引源自于金融、专业服务、贸易以及房地产企业的强劲需求，使其引领租赁市场。从传统区域迁址至此的趋势或将持续。尽管如此，传统区域内的业主对市场前景持乐观心态。因此，高力国际预测新项目高于平均水平的租金以及钱江新城租金增长将持续推动全市租金于2018-2021年期间以2%-4%的增速上涨。

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